



OFFICE OF
INSURANCE COMMISSIONER

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In the Matter of)	
)	ORDER NO. D06-332
GLOBE LIFE AND ACCIDENT)	
INSURANCE COMPANY,)	CONSENT ORDER IMPOSING A
)	FINE
An Authorized Insurer)	
)	

COMES NOW the Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.02.080, and having reviewed the official records and files of the Office of the Insurance Commissioner, makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Globe Life and Accident Insurance Company ("Globe Life") is authorized to conduct insurance business in the State of Washington.

2. When Globe Life filed its pre-standardized Medicare Supplement plan rates with the Office of the Insurance Commissioner ("OIC") in 1986, it inadvertently submitted the wrong rate page for thirteen Washington policies. The rate page reflected current rates that were not implemented in Washington and did not apply to Washington policyholders. Rates actually charged to Globe Life's Washington policyholders were those approved by the OIC in 1985, and were in fact lower than rates reflected on the rate page submitted in 1986. The percentage rate increase approved in 1986 by the OIC was applied to actual current rates charged to Washington policyholders. Rate pages submitted by Globe Life thereafter continued to include incorrect rates, however the actual rate Globe Life applied to its Washington policyholders was based on the percentage increase approved by the OIC in subsequent rate filings. As a result, policyholders were actually charged less than the rate reflected on the filed rate pages. Globe Life discovered the clerical error made in the 1986 rate filing and corrected the rate pages in 2005.

3. On March 8, 2005, Globe Life filed new rates for its pre-standardized Medicare Supplement plans with corrected figures. Four Washington residents had rates charged for their Medicare Supplement plan policies that varied slightly from the filed rates due to policy or payment options chosen by the consumers.



4. Consumers were charged appropriate rates in all years. Notwithstanding, Globe Life's filed rates did not match the actual rates charged for the thirteen Medicare supplement policies.

CONCLUSIONS OF LAW

1. By charging lower Medicare Supplement plan rates than those filed with the OIC, Globe Life violated RCW 48.66.035.

2. RCW 48.05.185 authorizes the Insurance Commissioner to impose a fine in lieu of the suspension or revocation of a company's license.

CONSENT TO ORDER

NOW, THEREFORE, Globe Life consents to the following in consideration of The Company's desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of Globe Life's fine on such terms and conditions as are set forth below:

1. Globe Life consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consents to the entry of the Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order;

2. Within thirty days of the entry of this Order, Globe Life agrees to pay to the OIC a fine in the amount of \$7,500.00 (Seven-thousand Five-hundred dollars) with \$5,000.00 (Five-thousand dollars) suspended on condition of no further rate filing violations for two years.

3. Globe Life understands and agrees that any future failure to comply with the statute that is the subject of this Order constitutes grounds for further penalties which may be imposed in direct response to that further violation.

EXECUTED this 2nd day of February, 2007.

GLOBE LIFE AND ACCIDENT INSURANCE COMPANY

By: Brian Mitchell

Printed Name: Brian Mitchell

Printed Corporate Title: Sr. Vice President

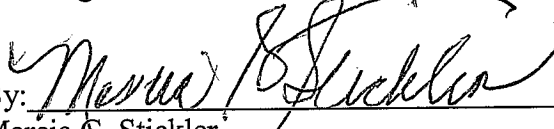
ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Globe Life and Accident Insurance Company is ordered to pay a fine in the amount of \$7,500.00 (Seven-thousand Five-hundred dollars), with \$5,000.00 (Five-thousand dollars) suspended on condition of no further rate filing violations within two years.
2. \$2,500.00 (Two-thousand Five-hundred dollars) must be paid in full within thirty days of the date of entry of this Order. Failure to pay this fine and to adhere to the conditions shall constitute grounds for revocation of Globe Life and Accident Insurance Company's Certificate of Authority, subject to any applicable rights of Globe Life and Accident Insurance Company to contest such action, and in the recovery of the fine through a civil action brought on behalf of the Commissioner by the Attorney General.

ENTERED AT TUMWATER, WASHINGTON this 19th day of February, 2007.

Mike Kreidler
Washington State Insurance Commissioner

By: 
Marcia G. Stickler
Staff Attorney, Legal Affairs Division